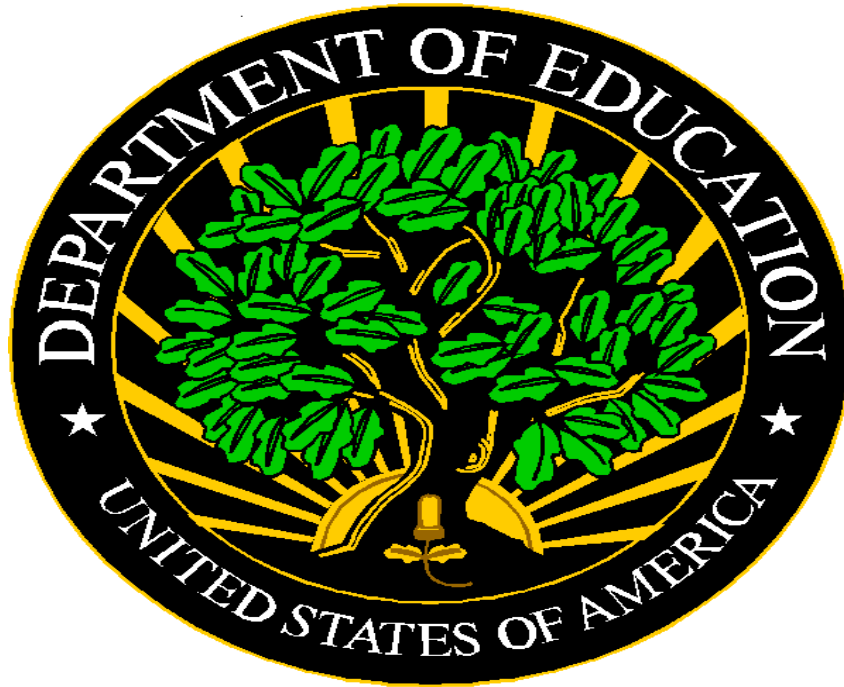


# **United States Department of Education**



**Office of Student Financial Assistance  
Financial Partners  
Financial Analysis and Oversight Division**

**Lender and Servicer Reviews  
February, 2000**

# **I. Purpose**

The Office of Student Financial Assistance uses data elements provided by guaranty agencies to verify eligibility, make administrative payments, assess risk, forecast budgets, and analyze program trends. The National Student Loan Data System (NSLDS) houses the data elements. Certain payments are made to guaranty agencies based on the NSLDS data. All users and reporting entities must strive to assure the accuracy of the data contained within the system and as the data are reported.

The Financial Analysis and Oversight Division (FAOD) provides this guide to the guaranty agency staff to assist in insuring the quality, timeliness, and completeness of data forwarded from the guaranty agency to NSLDS. Procedures developed by guarantors should ensure a strong partnership based on the establishment and maintenance of professional relationships with the Information Systems, NSLDS, and compliance staff at the various lenders and servicers.

As guaranty agencies focus efforts on corrections of their own databases and reporting to NSLDS, Compliance staff will contribute to an error free environment by the reconciliation of records between their lenders and the guaranty agency (GA) database. The guide should:

- assist the guaranty agency staff in reconciling their records to lender and servicer records;
- complement the guaranty agency staff and NSLDS staff efforts in the agency's internal reconciliation to information reported to the National Student Loan Data System; and,
- assist in identifying issues resulting from implementation of the Master Promissory Note and blanket guaranty initiatives.

This guide augments the Lender Guide that emphasized lender compliance with loan servicing and lender billing issues. It is intended for lender reviews beginning January 1, 2000. The reconciliation review is the minimum requirement for this one cycle. An agency may choose to perform its other oversight responsibilities in addition to the reconciliation.

The guide describes some processes rather than prescribes procedures.

**Step by step procedures must be developed for each review based upon the timing of data availability, the database accessibility, and the types of data actually being reviewed.**

The guide should be viewed as a work in progress.

## **II. A u t h o r i t y**

The Basic Program Agreement 34 CFR 682.401 ( b ) ( 22 ) requires lenders to submit information required in guaranty agency reporting:

*Submission of information for reports.* The guaranty agency shall require lenders to submit to the agency the information necessary for the agency to complete the reports required by §682.414(b).

Further guidance on reporting requirements is found in DCL 97L-194 dated May 1997 and DCL 95L-177 dated March 1995.

The Lenders currently do not submit information directly to NSLDS. They do provide reports to guarantors, most often in electronic format. NSLDS and many servicers and lenders have an agreed upon format for 36 data elements that are conveyed to the guaranty agency on a quarterly time frame. It is from these fields and other reports such as origination reports, loan transfer reports, and various proprietary lender manifests that a guarantor updates its reports to NSLDS. It is anticipated that reporting will change to monthly.

### **III. Planning**

#### **A. Selection**

Guidelines for lender candidates for review are detailed in 34 CFR 682.410 ( c )

(c) *Enforcement requirements.* A guaranty agency shall take such measures and establish such controls as are necessary to ensure its vigorous enforcement of all Federal, State, and guaranty agency requirements, including agreements, applicable to its loan guarantee program, including, at a minimum, the following:

(1) Conducting comprehensive biennial on-site program reviews, using statistically valid techniques to calculate liabilities to the Secretary that each review indicates may exist, of at least--

(i)(A) Each participating lender whose dollar volume of FFEL loans made or held by the lender and guaranteed by the agency in the preceding year--

(1) Equalled or exceeded two percent of the total of all loans guaranteed in that year by the agency;

(2) Was one of the ten largest lenders whose loans were guaranteed in that year by the agency; or

(3) Equalled or exceeded \$10 million in the most recent fiscal year;

(B) Each lender described in section 435(d)(1)(D) or (J) of the Higher Education Act, as amended, that is located in any State in which the agency is the principal guarantor as defined in §682.800(d), and, at the option of each guaranty agency, the Student Loan Marketing Association;

ii) The schools and lenders selected by the agency as an alternative to the reviews required by paragraphs (c)(1)(A)-(C) of this section if the Secretary approves the agency's proposed alternative selection methodology.

#### **B. Planning Considerations**

Some lenders and servicers will be subject to multiple reviews by guarantors. Consideration for a lender's use of several agencies, or a servicer's reporting to multiple agencies for one or more lenders may lend itself to cooperative reviews among guaranty agencies.

Possible concerns that affect cooperative efforts include:

- similar reporting format delivered by the lender / servicer to each guarantor;
- agreement about when to schedule a review – using the same reporting cycle or end date at the lender / servicer in order to address comparable results;
- the type of issues a guarantor is addressing not related to reconciliation or NSLDS data;
- appropriateness of sharing findings or recommendations;
- managing issues where traditionally the lender / servicer does not disclose lender or loan detail not identified with the specific guarantor
- managing proprietary information; and
- method of issuing reports and closing findings.

When verifying loan level information the reviewer needs to distinguish between data supplied by the guaranty agency and data supplied by NSLDS. The reviewer further needs to know how timing differences affect accuracy of data coming from separate sources. A common timing difference occurs in the Date Loan Sold which is instantly recorded by the lender or servicer but may not be reported until much later by the purchasing lender. Eventually it should show as a “Responsibility Begin Date” by the new holder in NSLDS. Further, when one of the sources for reconciliation is NSLDS, a reviewer may see differences in definitions between the guaranty agency and NSLDS – “purchase date” and “responsibility begin date” or the distinction between the ‘date entered repayment” and “current maturity date” used for cohort default purposes. Also, the date entered repayment for interest benefits may not always be clear at a lender. Some codes have extensions, for instance, deferment as a loan status, has an extension of deferment type. Some elements have codes unique to NSLDS. It is important that the reviewers understand the codes used by their agency as they relate to NSLDS terminology.

### **C. NSLDS Interest**

NSLDS provides a series of reports specifically addressing NSLDS data quality. They may be customized by NSLDS staff or, for some reports, requested directly from a Regional FAOD office. The reports are not required to conduct a program review. The NSLDS reports can be used to determine critical issues for the review, find unreported lender loans, find unreported loans paid in full, or provide some other analysis that helps to address reconciliation.

NSLDS reports after a program review, however, should show improved guarantor reconciliation to NSLDS.

There are servicers participating directly with NSLDS in a pilot reconciliation project to discover and address problems with data quality. The servicers have this project as a priority. They are not waived from any requests for other review activity. They may, however, need an agency to coordinate with NSLDS staff when performing a separate review.

Additionally NSLDS or FAOD staff may be available to work with a guarantor in these reviews. On site review activity may be minimized when sound planning and electronic retrieval or analysis are employed.

NSLDS Customized Reports are listed at the end of this guide. Additional reports are being developed continuously.

Each region has a computer specialist resource person able to provide standard text file or *ad hoc* reports from NSLDS customized to a particular lender. Such reports can be further limited to a date range, lender service begin date, or other relevant events and transactions. Requests should be submitted thirty days in advance.

The resource people are as follows:

| Computer Specialist             | City and Region  | Telephone                    | e-mail                |
|---------------------------------|------------------|------------------------------|-----------------------|
| Paul Sullivan<br>General Office | Eastern Regions  | 617.223.9340<br>212.264.8143 | Paul_Sullivan@ed.gov  |
| Mike Duffin<br>General Office   | Northern Regions | 312.886.4459<br>312.886.8768 | Michael_Duffin@ed.gov |
| John Reed<br>General Office     | Southern Region  | 214.880.3036<br>214.880.3040 | John_Reed@ed.gov      |
| Ben Chiu<br>General Office      | Western Region   | 415.556.4100<br>415.556.4100 | Ben_Chui@ed.gov       |

## **IV. Self Examination**

It is important for the guarantor Compliance staff to fully understand their own internal systems, processes and timing issues prior to conducting the review of the lender. Extensive internal discussions will probably be required to gain a level of comfort on this process.

If there are different systems check and test to see that they agree. For example, claims may have been paid at the account level, but only one loan may have been listed as a claim on the guaranty system. A similar situation may have occurred with subrogated loans. Query 4 will assist in identifying loans that have been consolidated but not properly reported to NSLDS.

Ensure that loan transfer statements from buyers and sellers have been processed. Check the internal matching criteria for accepting updates from lenders. If lender ID number is a critical matching field and large numbers have been rejected because of this, then the correct holder must be identified.

Check the history of processing lender manifests, special reports such as the list of Paid in Full loans from SLMA, and NSLDS updates to ensure that the system of record reflects what has been reported.

Using queries and other automated analysis, eliminate as many loans as possible that are incorrectly carried as active. This would include really old loans, loans paid by consolidation, loans shown at inactive or ineligible lenders, etc. Queries 6, 9, and 10 have been used by some agencies.

## **V.   U n r e p o r t e d   L o a n s**

Unreported Loans fall into several categories:

- Loans may be off an active guarantor data base if a system conversion occurred that eliminated loan detail prior to a presumed paid in full date.
- Lenders may have out-sourced loan servicing but retained some loans that subsequently would not be reported by the service provider.
- Loans sold to ineligible holders would no longer be updated, particularly if they were sold by the FDIC or RTC at auction.
- Lenders may have had loans paid in full prior to doing any manifesting and therefore never reported their final loan status to the guaranty agency.
- Lenders may have reported a final lender status for loans but the agency records were not closed or updated to a final lender status.



## **VI. Reconciling with the Lender**

In dealing with the lender, be conscious of timing issues and who is responsible for the issue. Data in NSLDS could be thirty days old and will contain errors caused by agency processing.

- Request various reports from the lender. These could include all paid in full records, repayment loans, etc. A simple loan count to compare to the agency and NSLDS might be a starting point. The entire portfolio could be requested in some instances. Use the information systems staff to determine the media that best facilitates the reconciliation.
- Request standard reports from your regional FAOD office or NSLDS. Reports available from the region are APR001 "Loans Originated at a Lender", APR003 "Loan Status Summary", and APR028 "Current Holder". The file layouts are available and a brief description is attached. APR003 may be the least helpful for analysis since it omits loan status data.
- Other Queries from NSLDS may be created and sent to the lender/servicer. These queries also are used to compare a population to agency records to confirm that values on process dates executed successfully. If there is a difference, it could be on the agency error report from NSLDS or the lender/servicer error report from the agency.

## **VII. Quality Control After Reconciliation**

Ideally verifying data during the review involves all records at the lender. Sampling of loans takes place after the verification to see that those loans are being reconciled to the guaranty agency's records. This is impractical in most situations; it is recommended to at least compare the loan counts to get an idea of how much work needs to be done. Sampling will be necessary.

- Generate a sample from the guaranty agency system to confirm that what is received from the lender and will be submitted to NSLDS agrees with what is on the lender / servicer database.
- Generate a sample from the lender / servicer's database and confirm that the loans have been reported to the guaranty agency.
- Review histories of lender / servicer submissions of NSLDS type data to determine timeliness of reporting, error rates, major causes of errors, whether errors are being corrected and resubmitted, and the timeliness of corrections.
- When a lender / servicer has unreported loans according to holder information on the GA's database, determine if progress has been made in eliminating problems. The GA should determine if responses are timely, if the holder and the GA have given sufficient care to insure accuracy of information, and that data recorded by the GA can be confirmed on the lender/servicer database.

## VIII. Program Review Report

### A. Reconciliation

Program Reviews should be entered into the Post-Secondary Education Participant System (PEPS) and receive a Program Review Control Number (PRCN). There is no plan to change the current deficiency codes specifically for NSLDS. If a finding is written regarding a lender's reporting efforts it might generically be coded a 6100 "Failure to Comply with GA or ED Reporting Requirements."

Reconciling data between the lenders, servicers, and the guaranty agency is a required activity of the compliance efforts by the guaranty agency. The activity taken to its conclusion incorporates the GA effort to provide accurate data to NSLDS. Beyond "one cycle" however OSFA has not determined that reconciliation will remain a permanent type of review. We expect that reconciliation will become a normal part of compliance reviews after the current two-year cycle.

Program review report findings, required actions and citations should identify the reconciliation issue and the proposed correction. The findings should reflect the lender's non-compliance with guaranty agency requirements to submit timely and accurate reports.

Compliance is accomplished with accurate records being transmitted to the GA. Required Actions address the format, medium, and time permitted within a short cycle, to submit accurate information. Where a lender or servicer can verify that records have been submitted timely and accurately there is probably no finding. The compliance officer may be faced with other issues to rectify inaccurate reporting or recording of changes. In this case a program review report may need to reflect a different type of activity beyond a listing of findings and required actions.

**When a lender or its servicer is in compliance the review should be closed.** The closeout should affirm that lender records are accurate and correctly received by the guaranty agency. At that stage the lender has completed its obligation in the review process.

Reconciliation, however, does not insure that NSLDS data is accurate. This will be an ongoing process.

The reviewer should verify, by sampling or other methods, that the GA records have updated the NSLDS records. Refer to the section on Quality Control after Reconciliation. Typical samples for testing can include:

- loans that required updated information on the part of the lender / servicer;
- loans that are off a lender's data base and not transferred to another lender, normally paid in full prior to some historical event, that are being deemed to be paid in full;
- loans with errors that are being corrected.

Compliance should be reflected in the guaranty agency updates to NSLDS. The NSLDS contact at an agency becomes the key person for transmitting information to NSLDS and therefore is the key person as the compliance staff verifies the final outcome of its program review.

A compliance officer at the GA may write an addendum to a program review report. This descriptive report should verify the GA's efforts to bring lender records current at NSLDS. The descriptive report

will confirm that lender records are accurately transmitted from the holder through the guaranty agency to ED and NSLDS. This report, if done, should be copied to an FAOD Regional Office.

Reconciliation is a partnership effort of all people involved in the FFEL program. If non-compliance is an issue the guaranty agency has limited sanctions in its guaranty function. Just as importantly, however, OSFA should be involved where reconciliation issues are not being resolved.

#### **B. Reviews for Compliance of Due Diligence and the Lenders Interest and Special Allowance Bill and Report.**

The guaranty agency is not required to perform reviews using the old guide during the reconciliation reviews. The guaranty agency should, however, keep in mind any issues involving due diligence or billing. The guaranty agency is still responsible for oversight of its lenders and their servicers. One example of this is improper or late reporting of refunds. If issues not related to verification for NSLDS are addressed the guaranty agency may consider a separate program review report. Reconciliation for improving NSLDS and due diligence for compliance or the ED799 billing have different cycles and responses. Separating issues into two reports may facilitate closing one set of issues. This may be especially true if more than one guaranty agency works cooperatively on review functions at large lenders or servicers. It may also be more convenient to issue separate reports since NSLDS data will not reconcile to ED799 billing reports because NSLDS retains little of the historical transaction details after the initial guaranty and disbursement.

## IX. Data Elements

When a loan has been matched, the primary loan elements that should be addressed are loan status (open or closed) and disbursement and balance information (current date and balance). As expertise is gained, or individual issues appear, more elements should be compared and reconciled.

### NSLDS Lenders' Manifest

The following 36 data elements are shared in most transmissions between lenders and servicers for NSLDS reporting. Many of the elements are used to identify the loan. Very few elements are solely the responsibility of the lender. They are indicated with an "L". until the loan is no longer active at the lender. All others may be mandatory for identification at the agencies discretion or needs. The NSLDS staff has labeled the fields that they believe are critical with an "M" – the "L" items are also considered "M".

| Verification Optional /<br>Mandatory  | Field Number | Name   |
|---|--------------|--|
| M   | 1            | Code for guaranty agency (3 digit LID)             |
| M   | 2            | Code for current holder (6 digit LID)              |
| M   | 3            | Student's SSN                                      |
| O   | 4            | Date of student's birth                            |
| M   | 5            | PLUS borrower's SSN                                |
| M   | 6            | Type of loan                                       |
| M   | 7            | Date of guaranty                                   |
| M (only if used in place of<br>guaranty date)                                       | 8            | First disbursement date                            |
| O   | 9            | Unique loan identifier                             |
| O   | 10           | Interest Rate                                      |
| O   | 11           | Type of interest rate (fixed or variable)          |
| O   | 12           | Date loan converted to variable interest rate      |
| M (L)   | 13           | Date of loan status                                |
| M (L)   | 14           | Code for loan status                               |
| M (L)   | 15           | Type of deferment                                  |
| M   | 16           | Date deferment starts                              |
| M   | 17           | Date deferment stops                               |
| O   | 18           | Indicator of deferment prior to first payment      |
| M (L)   | 19           | Date of outstanding principal balance              |
| M (L)   | 20           | Amount of outstanding principal balance            |
| M (L)   | 21           | Date of outstanding accrued interest balance       |
| M (L)   | 22           | Amount of outstanding accrued interest balance     |
| O   | 23           | Date of refund to lender (by school)               |
| O   | 24           | Amount of refund from school to lender             |
| M   | 25           | Date of servicer responsibility                    |
| M   | 26           | Code for servicer (6 digit code starting with a 7) |
| O   | 27           | Code for originating lender (6 digit LID)          |
| O   | 28           | Indicator of origination fee payer                 |
| M   | 29           | Date loan sold                                     |
| M   | 30           | Date of latest disbursement                        |
| M   | 31           | Amount of disbursement                             |
| M (Also need to verify that<br>lender is NOT reporting<br>refunds as cancellations) | 32           | Date of cancellation                               |
| M   | 33           | Amount of cancellation                             |

| Verification Optional /<br>Mandatory | Field Number | Name  |
|--------------------------------------|--------------|---|
| O                                    | 34           | Indicator of unconsummated loans                |
| M                                    | 35           | Unconsummated loan amount                       |
| M                                    | 36           | Date entered repayment (never changes once set) |

### CFO Survey

The Office of Student Financial Assistance Chief Financial Officer considers the loan balance and adjustment amounts as critical in their review of data at NSLDS. That information forms part of the ED financial statement.

Reviewers should be aware that other studies of NSLDS data are done by various entities within the Department of Education and by contractors.

The Chief Financial Officer of the Office of Student Financial Assistance contracts a survey ("Westat Survey") of NSLDS data in support of the General Ledger for the Department of Education. The elements in their survey are printed below:

| Item Name  | Do Your Records Contain<br>Information On This Item? |        | If Yes, Identify<br>Item Source | NSLDS Value     |
|--|--|--------|---------------------------------|-----------------|
| 1. Amount of guaranty                                      | Yes [1]  | No [2] |                                 | <b>GUARAMT</b>  |
| 2. Date of guaranty  | Yes [1]  | No [2] |                                 | <b>GUARDATE</b> |
| 3. Originating FFEL lender code                            | Yes [1]  | No [2] |                                 | <b>OLNDCODE</b> |
| 4. Guaranty agency code                                    | Yes [1]  | No [2] |                                 | <b>GUARCODE</b> |
| 5. Servicer code   | Yes [1]  | No [2] |                                 | <b>SVCRCODE</b> |
| 6. Original school code                                    | Yes [1]  | No [2] |                                 | <b>SCHLCODE</b> |
| 7. Current school code                                     | Yes [1]  | No [2] |                                 | <b>CSCHCODE</b> |
| 8. Current holder lender                                   | Yes [1]  | No [2] |                                 | <b>CLNDCODE</b> |
| 9. Loan type code  | Yes [1]  | No [2] |                                 | <b>LOANTYPE</b> |
| 10. Type of interest rate                                  | Yes [1]  | No [2] |                                 | <b>RATETYPE</b> |
| 11. Interest rate  | Yes [1]  | No [2] |                                 | <b>INTRATE</b>  |
| 12. Date of disbursement                                   | Yes [1]  | No [2] |                                 | <b>DISBDATE</b> |
| 13. Amount of disbursement                                 | Yes [1]  | No [2] |                                 | <b>DISBAMT</b>  |
| 14. Date entered repayment (date of maturity)              | Yes [1]  | No [2] |                                 | <b>MATUDATE</b> |
| 15a. Loan status code                                      | Yes [1]  | No [2] |                                 | <b>LOANSTAT</b> |
| 15b. Date of loan status code in 15a                       | Yes [1]  | No [2] |                                 | <b>STATDATE</b> |
| 16a. Amount of outstanding principal balance               | Yes [1]  | No [2] |                                 | <b>PRINBAL</b>  |
| 16b. Date for outstanding principal balance in 16a         | Yes [1]  | No [2] |                                 | <b>PRINDATE</b> |
| 17a. Amount of outstanding accrued interest balance        | Yes [1]  | No [2] |                                 | <b>INTBAL</b>   |
| 17b. Date for outstanding accrued interest balance in 17a  | Yes [1]  | No [2] |                                 | <b>INTDATE</b>  |
| 18a. Amount of guaranty agency principal collections       | Yes [1]  | No [2] |                                 | <b>PRINCAMT</b> |
| 18b. Date for guaranty agency principal collections in 18a | Yes [1]  | No [2] |                                 | <b>GACDATE</b>  |
| 19a. Amount of guaranty agency interest collections        | Yes [1]  | No [2] |                                 | <b>INTCAMT</b>  |
| 19b. Date for guaranty agency interest collections in 19a  | Yes [1]  | No [2] |                                 | <b>GACDATE</b>  |
| 20a. Amount of insurance claim paid                        | Yes [1]  | No [2] |                                 | <b>AMTINSPD</b> |
| 20b. Date of insurance claim paid                          | Yes [1]  | No [2] |                                 | <b>DTEINSPD</b> |
| 20c. Reason for insurance claim                            | Yes [1]  | No [2] |                                 | <b>RSNINSPD</b> |

|  |         |        |  |                 |
|--|---------|--------|--|-----------------|
| 21a. Amount of reinsurance claim requested | Yes [1] | No [2] |  | <b>REPDAMT</b>  |
| 21b. Date of reinsurance claim paid        | Yes [1] | No [2] |  | <b>REPDDATE</b> |
| 21c. Reason for reinsurance claim          | Yes [1] | No [2] |  | <b>REPRSN</b>   |
| 22. Amount of Cancellation                 | Yes [1] | No [2] |  | <b>CANCLAMT</b> |
| 23. Cancellation type code                 | Yes [1] | No [2] |  | <b>CANCLCDE</b> |

## Appendix



## 1. Sample Procedures for GA/Lender/NSLDS Reconciliation

(The following procedures are provided as an example of what one guarantor has been doing. Each agency can develop/modify procedures to fit its needs.)

### A. Procedure

#### **Step 1-** Decide upon the group of lenders/servicers to target.

Since this process can be rather lengthy, I suggest that you work with small groups at a time. This insures you better control and makes follow-up easier. Once you have completed work with one group of lenders you are free to focus on and begin work with your next group. Factors that may determine the "grouping" of your lenders may relate to (but are not limited to) the "Unreported Loan Summary By Guarantor, Servicer and Lender" report (NSLBRL40). This report will show you the lenders and important figures associated with each of those lenders. In my case, I started with the group of lenders showing 100.0 in the 'Percent Unreported' column.

#### **Step 2-** Make a list of the lender id's to be included in your group.

Due to the fact that I wanted to track the progress of this project, I decided that using a spread-sheet would be of great benefit. I listed the lenders included in the group and was able to track the item(s) sent and received and make additional notes and comments as I felt necessary.

#### **Step 3-** Order an "NSLDS Unreported Loans Detail" report for each lender id in your group.

#### **Step 4-** Review list of available NSLDS Queries to see if any report offered might also be of help in the reconciliation process.

In my case, I felt that the NSLDS Query #10 (Loans Open > 15 Years) would prove beneficial. In some cases there was information duplicated between the NSLBRL44 and the NSLDS Query #10 reports but I also found that sometimes there was information captured on the Query that wasn't on the NSLBRL44, thus the two reports provided a more complete picture.

#### **Step 5-** Order the NSLDS Query of choice for each lender id in your group.

I ordered these reports five (5) lender id's at a time and requested that each lender id be returned to me as a separate file. These reports were ordered at 2-week intervals.

#### **Step 6-** Match the 'GA' report with the corresponding NSLDS Query (if applicable), by lender id, and mail along with a cover letter and instructions for each report sent.

*NOTE:* If a loan has an associated servicer, the serviced loans are listed separately per servicer id. This portion of the NSLBRL44 should be mailed to the specified servicer for review.

#### **Step 7-** Log the item(s) mailed (what and date) on your spreadsheet.

#### **Step 8-** As completed reports are returned, log receipt of item(s) and make any necessary notes or comments.

#### **Step 9-** Update your agency's database according to the information provided by the lender/servicer on the report.

*NOTE:* Loans that are being reported in a 'closed' status by the lender/servicer and not been previously reported to NSLDS, should be reported to NSLDS on the behalf of the lender/servicer. More of a courtesy than anything else but also allows for complete closing of the record.

#### **Step 10-** Set a schedule for sending reminder or follow-up letters to those lenders who have failed to respond.

I setup a 12-week schedule based upon the date of the original mailing. Letters will continue to be

mailed every 12 weeks until information is received.

**Step 11-** Once information has been received and processed for all lenders in the group return to Step 1 and start with your next group....

## B. Follow up letter to a lender (Step 10)

Date

|                |                   |
|----------------|-------------------|
| Lender/Service | Lender/Service ID |
| Address Line 1 |                   |
| Address Line 2 |                   |
| City, State    | Zip               |

Re: NSLDS Lender Manifest Reporting

Dear Lender/Service,

This is to remind you that I have not received a reply from you concerning the NSLDS information mailed to you on May 21, 1999. As stated in my previous letter, I am in hopes of getting these issues resolved and the correct information reported by **(enter proposed deadline date)** allowing for a clean quarter-end.

Please feel free to give me a call at **(enter 800 number)** or locally at **(enter phone number)** should you have any questions. I will be happy to assist you in any way possible concerning these reporting issues.

Sincerely,

Name  
Title

### C. Contacting a lender

Date

Lender/Servicer

Address Line 1

Address Line 2

City, State      Zip

Dear Lender/Servicer,

In an effort to ensure the integrity of the data that is reported to NSLDS, I feel that a review of loans is necessary. There seems to be many loans which we have on our system that have never been reported to NSLDS by the lender/servicer as well as loans that are still showing as being in an 'active' status though the guarantee on these loans took place over twelve (12) years ago. It is my concern that status discrepancies exist between our agency and yours creating the alarming number of loans that fall into these categories. I know that, in most cases, these discrepancies are simply loans that should have been reported as paid-in-full or canceled but somehow the update in status never took place- with your help these are an 'easy' fix. I am also aware that the responsibility of reporting on some of these loans lies with the servicer or new lender; however, the information that I have does not indicate who that might be so your help in directing us is critical. By working together, we can ensure that the information being reported is correct and, at the same time, bring everyone into compliance by getting unreported loans reported. This not only benefits our agencies but our borrowers as well.

Enclosed you will find two (2) reports.\* One report (8"x10") is the NSLDS Unreported Loans Detail Report; the other (8 ½"x14"), NSLDS Query #10, a report of all loans reported to NSLDS that have been open longer than the normal repayment period. Instructions for working each of these reports have also been enclosed. I would like to apologize for the size of the NSLDS Unreported Loans Detail Report. At this time, this is the only report available that lists unreported loans; however, it not only lists loans that have *never* been reported but loans that have previously been reported but not reported for the last quarter. I understand that there are many timing issues that can affect the reporting of a loan; therefore, I am asking that you concentrate on the loans listed which indicate that they have never been reported. (These are notated with an "N/A" in the 'Last Reported' column on the report.)

I understand that for most this may seem like a huge undertaking but I feel that the benefits are well worth the effort. I am in hopes that we can get these issues resolved and the correct information reported by **(enter proposed deadline date)**, allowing for a clean quarter-end. I will be happy to assist you in any way possible, whether it be answering a question, research (when possible) or helping you get information reported. Please feel free to give me a call at **(enter 800 number)** or locally at **(enter phone number)**. You may also contact me via email at **(enter email address)** with any comments and/or questions.

Sincerely,

Name

Title

\*Some Lenders/Servicers did not have any loans which fell into the criteria for the NSLDS Query #10; therefore, you may have only received on report.

## D. NSLDS UNREPORTED LOANS DETAIL REPORT (internal report)

The Unreported Loans Detail Report identifies loans that have not been reported in a given quarter or loans that have never been reported. This report is formatted in guarantor, servicer and lender order.

When researching this report, as you identify discrepancies that need to be corrected on the guarantor's system, you need to submit those changes by using one of the following two options:

1. If you currently use our tape format for reporting your regular lender manifest submissions, you can report any updates through your normal process.
2. If you don't use our tape format for reporting changes to the guarantor, or you can't trigger an automated record because this information is no longer on your system, please report changes using the appropriate guarantor forms.

The attached report is a slight variation of the NCHELP standard report. Please do not program for our format if you already have the standard available. Do refer to our instructions for placement of data to ensure quick and accurate data entry.

Instructions for processing the Unreported Loans Detail Report in paper format-

- If the loan has been paid in full, use the code "PF" in the 'code' column under the Lender Return heading.
- If the loan has been paid in full by consolidation, use the code "PC" in the 'code' column under the Lender Return heading.
- If the loan has been transferred to a new lender, use the code "T" in the 'code' column under the Lender Return Heading. Also, provide the purchasing lender code in the column marked 'Purch Lender Code'.
- If the loan is paid in full or transferred, please provide the effective date in the column marked 'PIF/TRF/DTE' under the Lender Return heading.
- If the loan is active, use the code "A" in the 'code' column under the Lender Return heading. Please verify that these loans have been reported on the NSLDS lender manifest. If they have, they are on the error file.
- If the loan does not fall into any of the above categories, use the code "O" (other) in the 'code' column under the Lender Return heading.

**Status Codes:** PF = Paid in Full; PC = Paid in Full by Consolidation; T = Loan Transferred to Another Lender; A = Active Loan; O = Other

## E. NSLDS QUERY #10 (Step 6)

The NSLDS Query #10 identifies loans that have been previously reported to NSLDS that have been open longer than the normal repayment period.

When researching this report, as you identify discrepancies that need to be corrected on the guarantor's system, you need to submit those changes by using one of the following two options:

1. If you currently use our tape format for reporting your regular lender manifest submissions, you can report any updates through your normal process.
2. If you don't use our tape format for reporting changes to the guarantor, or you can't trigger an automated record because this information is no longer on your system, please report changes using the appropriate guarantor forms.

Instructions for processing the NSLDS Query #10 in paper format-

- If the loan has been paid in full, list the code "PF" to the left of the status shown in the 'status' column on the report.
- If the loan has been paid in full by consolidation, list the code "PC" to the left of the status shown in the 'status' column on the report.
- If the loan has been canceled, list the code "X" to the left of the status shown in the 'status' column on the report.
- If the loan has been transferred to a new lender, provide the purchasing lender code in the 'servicer' column on the report.
- If the loan is paid in full, canceled or transferred, please provide the effective date to the left of the date shown in the 'status date' column on the report.
- If the loan is active, verify the status shown in the 'status' column as well as the date shown in the 'status date' column on the report.

**Status Codes:** PF = Paid in Full; PC = Paid in Full by Consolidation; X = Canceled

After completing this report, please return to:

Agency  
Address Line 1  
Address Line 2  
City, State      Zip

## 2. Standard Queries

### **AVAILABLE GA QUERIES July 1999**

Queries are added or dropped from time to time. Most of these queries are tailored for the NSLDS staff at the Guaranty Agency or for ED staff. Suggestions for new queries or for new uses of existing queries are accepted. Special *ad hoc* queries can be requested through Raytheon at 703.560.5000 extension 3030.

| No. | Report                  | Description  | Criteria   |
|-----|-------------------------|--|--|
| 1   | Reconciliation File     | Provide complete file of all records on NSLDS<br><br><i>Note: A full submittal file should be processed before producing the reconciliation file. As part of the full submittal file process, all prior open errors will be closed by NSLDS.</i> | a) CL, PL, RF, SF, SL, SU loan types<br>b) All records, open and closed, where current GA code = GA<br>c) 640-byte tape format<br><b><u>Please call to arrange a schedule.</u></b>   |
| 2   | Error File              | Identify all open errors on NSLDS  | a) Error status = O<br>b) Fields included: Student SSN, DOB, First name, School code, Date guaranteed, PLUS SSN, Loan type, Error code, Field code, Date resolved, GA, Date submitted, Indicator of separate loan, source, record type   |
| 3   | Rolled-up Loans         | Identify loans suspected of being rolled-up and reported to NSLDS at the account level   | a) CL, PL, RF, SF, SL, SU loan types<br>b) DA, FB, ID, PC, PF, RF, RP, UI statuses<br>c) Must have multiple loans<br>d) OPB >= twice guaranty amount for one loan in account<br>e) "Twice" loan must have current OPB date<br>f) OPB date = disbursement date on other loans   |
| 4   | Unpaid Underlying Loans | Identify loans that may have been consolidated but have an open status on NSLDS  | a) Select all loans for student with at least one CL loan not in CA status<br>b) Retrieve CL loans regardless of GA<br>c) Retrieve underlying loans only for specified GA<br>d) RF, SF, SL, SU underlying loan types<br>e) Underlying loan statuses CA, DP, PC, PF excluded<br>f) Guaranty date of underlying loans < guaranty date of CL loan<br>g) OPB date of underlying loans > 150 days old |

|    |                                     |   |   |
|----|-------------------------------------|---|---|
| 5  | Subrogated Loans                    | Identify accounts that may have been transferred to Debt Collections but all loans in account may not have been transferred on NSLDS.         | a) CL, PL, RF, SF, SL, SU loan types<br>b) GA-held statuses: BK, DB, DL, DO, DT, DU, DX<br>c) OPB date > 150 days old<br>d) One loan in account subrogated to DMCS (GA 555)<br>e) Claim paid to lender, no repurchase         |
| 6  | OPB Not Updated                     | Identify open loans that have not been updated with a current Outstanding Principal Balance (OPB)   | a) CL, PL, RF, SF, SL, SU loan types<br>b) All open statuses: BK, <b>DA</b> , DB, DL, DO, DT, DU, DX, <b>FB, ID, RP</b><br>c) OPB date > 150 days old   |
| 7  | Open Loans with Zero Balances       | Identify loans that have an open status but have zero principal, interest, and fee balances   | a) CL, PL, RF, SF, SL, SU loan types<br>b) All open statuses: BK, <b>DA</b> , DB, DL, DO, DT, DU, DX, <b>FB, ID, RP</b><br>c) OPB + Interest + Fees = 0<br>d) Period begin date > 180 days old                                |
| 8  | Old Loans Held by GA                | Identify 'neglected' loans that have not been updated   | a) PL, RF, SF, SL, SU loan types<br>b) GA-held statuses: BK, DB, DL, DO, DT, DU, DX<br>c) Claim paid to lender, no repurchase<br>d) Claim paid date > 365 days old<br>e) One loan in account entered repayment > 12 years ago |
| 9  | Old Loans Held by lender / servicer | Identify 'neglected' loans that have not been updated   | a) <b>PL, RF, SF, SL, SU loan types</b><br>b) <b>Lender-held statuses: DA, FB, ID, RP</b><br>c) <b>One loan in account entered repayment &gt; 12 years ago</b><br>d) <b>OPB date &gt; 1 year old</b>                          |
| 10 | Loans Open > 15 Years               | Identify loans that have been open longer than the normal repayment period  | a) CL, PL, RF, SF, SL, SU loan types<br>b) All open statuses: BK, <b>DA</b> , DB, DL, DO, DT, DU, DX, <b>FB, ID, RP</b><br>c) Guaranty date > 15 years ago  |
| 11 | No Disbursements                    | Identify loans with no disbursement data on NSLDS.  | a) CL, PL, RF, SF, SL, SU loan types<br>b) All open statuses: BK, <b>DA</b> , DB, DL, DO, DT, DU, DX, <b>FB, ID, RP</b><br>c) Total disbursements = \$0<br>d) Loan period end date > 120 days old                             |
| 12 | Repurchased Loans                   | Identify loans held by lenders that may be missing repurchase data on NSLDS   | a) PL, RF, SF, SL, SU loan types<br>b) Lender-held statuses: <b>DA, FB, ID, RP</b><br>c) Claim paid to lender, no repurchase<br>d) OPB date > 150 days old  |
| 13 | OPB Twice Guaranty Amount           | Identify loans with outstanding principal balances in excess of loan amount + c capitalized interest (*)<br><br>(* estimated standard amount) | a) CL, PL, RF, SF, SL, SU loan types<br>b) All open statuses: BK, DA, DB, DL, DO, DT, DU, DX, FB, ID, RP<br>c) OPB >= 2 times guaranty amount   |

|    |                           |   |  |
|----|---------------------------|---|--|
| 14 | Potential Duplicate Loans | Identify loans that occur more than once on NSLDS <ul style="list-style-type: none"> <li>- within the same GA</li> <li>- between GAs</li> <li>- transfers to ECMC</li> <li>- subrogation's to ED</li> </ul>   | <p><b><u>Note: This query must be tailored to individual GA needs.</u></b></p> <p><b><u>Please call to discuss your specific situation.</u></b></p> <p>Matches on student number (# &amp; sequence #), loan type, guaranty date, OPEID, guaranty amount, and PLUS borrower (# &amp; sequence #).</p> |
| 15 | GLOS "Samples" File       | Generate full file of loans meeting criteria of GLOS samples sent to GAs in June 1999. Samples originally were produced for GLOS on 4/26/99. Two sets of samples were created: <ul style="list-style-type: none"> <li>• OLD loans with no OPB updates since NSLDS inception, and</li> <li>• ROLLED loans with OPB date changes</li> </ul> | <p>a) CL, PL, RF, SF, SL, SU loan types</p> <p>b) Lender-held statuses: DA, FB, ID, RP</p> <p>c) Maturity date &lt; 12/1/86</p> <p>d) OLD Loans: OPB date &lt;= 1/1/95</p> <p>e) ROLLED Loans: OPB date &gt; 1/1/95</p>  |
| 16 | NO Provider ID            | Generate file of loans that do not have a Provider ID: <ul style="list-style-type: none"> <li>• All loans;</li> <li>• Open only; or</li> <li>• Closed only,</li> </ul> <p>PLEASE SPECIFY</p>  | <p>a) CL, PL, RF, SF, SL, SU loan types</p> <p>b) Selected statuses</p> <p>c) Provider ID is blank</p>   |
| 17 | Top 10 Error Report       | Run Top 10 Error Report on request  | <p><i>Same as benchmark report</i></p> <p><i>Run immediately after most recent submission is processed</i></p>   |
| 18 | Full Error Count          | Produce report count of errors, by field and error code   | <p>a) All errors in most recent submission</p> <p>b) Field, Error code, # of errors</p>  |



### 3. Other NSLDS Reports

The following are descriptions of other NSLDS reports. Before a report can be released to a guaranty agency, FAOD staff must purge loans identified as insured by another guaranty agency. The file layouts for these reports are in the NSLDS User Documentation manual.

**APR001 Report Request - P070 Report Output.** This request generates all loans whose first disbursement occurs between two dates by the original lender. It gives a loan status but does not indicate a date or the current holder of the loan. It can be requested through a regional office. It can also be requested for loans originated at a particular school. It may have limited utility for NSLDS but when appended to the P153 report can tie a loan's initial disbursement to the current information in P153.

**APR003 Report Request – P074 Report Output.** This report gives a smaller file of loan status information about the current lender. It reports the Outstanding Principal Balance, Outstanding Interest Balance, Interest Rate, and Loan Status but does not give a date field for any of these transactions. It also reports the original school.

**APR028 Report Request – P153 Report Output.** This request generates all loans guaranteed between two dates and held by the current holder. It gives service, current holder, outstanding balances, last disbursement, and current status dates, among other fields. It does not give the initial disbursement date. For loans paid in full or not otherwise active it still reports the last lender holder. Unlike the other reports listed above it can give a much larger file since the only limiting criteria is a Loan Guaranty Begin and End Date.

#### 4. NSLDS Codes

NSLDS Codes relevant to verifying lender held data are minimal. A lender is responsible for a loan only if the loan status signifies In School or Grace, in Repayment, in Deferment, or in Forbearance. It is also responsible for transmitting information if it receives the final payment and the loan is paid in full or paid by a consolidation. All other status codes are determined by the guaranty agency. The following table is an abbreviated list of codes used by NSLDS that might be most relevant when comparing lender information to NSLDS, particularly when using queries from the APR001, APR003, and APR028:

| Item | Stafford Loan Types             | Loan Name              | Explanation                         |
|------|---------------------------------|------------------------|-------------------------------------|
| 1    | CL                              | Consolidation          |                                     |
| 2    | PL                              | Parent                 |                                     |
| 3    | RF                              | Refinanced             |                                     |
| 4    | SF                              | Stafford               |                                     |
| 5    | SL                              | Supplemental           |                                     |
| 6    | SU                              | Unsubsidized           |                                     |
|      |                                 |                        |                                     |
| Item | Active Lender Held Status Codes | Definition             | Explanation                         |
| 1    | DA                              | Deferred               | There are many sub- - "Type Codes"  |
| 2    | FB                              | Forbearance            |                                     |
| 3    | ID                              | In School or Grace     |                                     |
| 4    | RP                              | In Repayment           |                                     |
|      |                                 |                        |                                     |
| Item | Active Loan Status Codes        | Name                   |                                     |
| 1    | BK                              | Bankruptcy             | Claim is Active                     |
| 2    | DA                              | Deferred               |                                     |
| 3    | DB                              | Defaulted              | Bankruptcy Ch 13 and Active         |
| 4    | DL                              | Defaulted              | Litigation                          |
| 5    | DO                              | Defaulted              | Active Other                        |
| 6    | DT                              | Defaulted              | Collection Terminated               |
| 7    | DU                              | Defaulted              | Unresolved                          |
| 8    | DX                              | Defaulted              | Six Consecutive Payments            |
| 9    | FB                              | Forbearance            |                                     |
| 10   | ID                              | Interim prior to Grace |                                     |
| 11   | RP                              | Repayment              |                                     |
|      |                                 |                        |                                     |
| Item | Closed Loan Status              | Definition             | Explanation                         |
| 1    | AE                              | Assigned to ED         |                                     |
| 2    | CA                              | Cancelled              | Look for this with other open loans |
| 3    | DC                              | Default                | Compromise                          |
| 4    | DD                              | Default then Died      |                                     |

| 5    | DE                 | Death                          |                             |
|------|--------------------|--------------------------------|-----------------------------|
| 6    | DI                 | Disability                     |                             |
| 7    | DK                 | Default                        | Discharged Chapter 13       |
| 8    | DP                 | Default                        | Paid in Full                |
| 9    | DS                 | Default                        | Disabled                    |
| 10   | DT                 | Default                        | Collection Terminated       |
| 11   | DU                 | Default                        | Unresolved                  |
| 12   | DW                 | Default                        | Writeoff                    |
| 13   | OD                 | Default                        | Bankruptcy Discharged Other |
| 14   | PC                 | Paid in Full                   | by Consolidation            |
| 15   | PF                 | Paid in Full                   | Whooppee                    |
| 16   | UI                 | Unreinsured                    |                             |
|      |                    |                                |                             |
| Item | Academic Levels    | Definition                     | Explanation                 |
| 1    | 1                  | First Year - Freshman          |                             |
| 2    | 2                  | 2nd Year - Sophomore           |                             |
| 3    | 3                  | 3rd Year - Junior              |                             |
| 4    | 4                  | 4th Year - Senior              |                             |
| 5    | 5                  | 5th Year - Undergraduate       |                             |
| 6    | A                  | 1st Year - Grad / Professional |                             |
| 7    | B                  | 2nd Year - Grad / Professional |                             |
| 8    | C                  | 3rd Year - Grad / Professional |                             |
| 9    | D                  | Beyond 3rd Yr - Grad / Prof    |                             |
| 10   | G                  | Grad / Prof Year Unknown       |                             |
| 11   | N                  | Not Available                  |                             |
|      |                    |                                |                             |
| Item | Enrollment Status  | Definition                     | Explanation                 |
| 1    | A                  | Approved Leave of Absence      |                             |
| 2    | D                  | Deceased                       |                             |
| 3    | F                  | Full Time                      |                             |
| 4    | G                  | Graduated                      |                             |
| 5    | H                  | Half Time                      | less than full time         |
| 6    | L                  | Less than Half Time            |                             |
| 7    | N                  | Not Available                  |                             |
| 8    | W                  | Withdrawn                      |                             |
| 9    | X                  | Never Attended                 |                             |
| 10   | Z                  | No Record Found                |                             |
|      |                    |                                |                             |
| Item | Interest Rate Code | Definition                     | Explanation                 |
| 1    | 8                  | 8 / 10                         |                             |
| 2    | F                  | Fixed                          |                             |
| 3    | V                  | Variable                       |                             |

## 5. Contact Us

### Review Guide Content

| Person                         | Office and Region       | Telephone    | e-mail                                       |
|--------------------------------|-------------------------|--------------|--|
| Lee Avery                      | Boston – Eastern        | 617.223.9335 | Lee_avery@ed.gov                             |
| Bob Bridgman                   | Chicago – Northern      | 312.886.8749 | Robert_bridgman@ed.gov                       |
| George Hilty                   | Dallas – Southern       | 214.880.3046 | George_hilty@ed.gov                          |
| Leslie Richards<br>John Jebian | San Francisco – Western | 415.556.4100 | Leslie_richards@ed.gov<br>John_Jebian@ed.gov |

### ED Regional Computer Specialists

| Computer Specialist | City and Region         | Telephone    | e-mail                |
|---------------------|-------------------------|--------------|-----------------------|
| Paul Sullivan       | Boston - Eastern        | 617.223.9340 | Paul_sullivan@ed.gov  |
| Mike Duffin         | Chicago - Northern      | 312.886.4459 | Michael_duffin@ed.gov |
| John Reed           | Dallas - Southern       | 214.880.3036 | John_reed@ed.gov      |
| Ben Chiu            | San Francisco - Western | 415.556.4100 | Ben_chiu@ed.gov       |

### Custom Queries and Systems Reports

|                 |                    |                                |  |
|-----------------|--------------------|--------------------------------|--|
| Alison Coventry | Raytheon E-Systems | 703.560.5000<br>extension 3030 |  |
|-----------------|--------------------|--------------------------------|--|